

Pre-Development Process Manual

INDEX

1 Introduction/Overview of the Process	2
1.1 General introduction situating pre-development in the continuum from initial idea to building occupancy	
1.2 Outline of the stages in pre-development work	
2 Capacity Building	4
2.1 Assessing your organisational capacity	
2.2 Building organisational capacity	
2.3 List of available capacity building courses	
2.4 Creating an internal project development team	
2.5 Option: hiring a development consultant	
3 Who to hire?	6
3.1 Pre-development begins with an architectural team	
3.2 Architects' professional qualifications	
4 Pre-Development RFP	7
4.1 Contents of a housing development RFP	
4.2 Active and passive RFP distribution	
5 The Review and Selection Process	8
5.1 Initial review of submitted proposals – ranking proposals based on RFP criteria	
5.2 Second stage review – ranking proposals based on project criteria	
5.3 Interviews of finalists and financial review of the winner	
6 Stages of Pre-Development	12
6.1 Conceptual Master Plan	
6.2 Financing – CMHC Seed Fund/City Community PDF	
6.3 Regulatory Approvals - Development Application – SSPA – ZBA – CoA – P&HC – Council	
6.4 Land Acquisition	
6.5 Review of specialists to be hired during the pre-development process	
7 End of Pre-Development, Start of Pre-Construction	15
7.1 Transition from pre-development to pre-construction	

1 Introduction/Overview of the Process

1.1 General introduction situating pre-development in the continuum from initial idea to building occupancy

All housing developments start as an idea. The desire to build homes can arise from the mandate and strategic plan of your organisation and may involve searching out land to purchase for development or utilizing vacant or underused property you already own for development or redevelopment. In all cases, this desire to build must be grounded (literally and figuratively) in a plot of land.

If all goes well, you will end up with City approval to develop that plot, at which time you will need to hire a general contractor to handle construction. They in turn will subcontract out various portions of the development, all knitting together to finally create a building ready for occupancy. At this stage, your organisation will transition from being a developer to a building manager and service provider as the building becomes occupied by its tenants.

All that happens between the identification of a plot of land and the hiring of a general contractor can be called pre-development.

1.2 Outline of the stages in pre-development work

The first stage of the pre-development process is creating a Development Committee.

The Development Committee will oversee the drafting of a request for proposals (RFP) which will begin the hiring process to retain an architectural firm to create a master plan for the property. Often a firm will include in their proposed team additional experts such as financial analysts to cost out the project and structural engineers to conduct building condition audits.

Following the hiring, the architect will engage in a document review including the current strategic plan and other related materials including any housing policies and housing action plans deemed relevant. Blueprints will be studied, building condition audits made, and building tours conducted.

After this preliminary work, a series of consultations and presentations will take place. On the one hand, the architects will delve deeper into the goals for the project by meeting with the Development Committee. On the other, the architects will present initial draft proposals

for review and feedback, followed by the presentation of a final master plan for approval. *It is vital that this stage be conducted with full and frank exchanges of views since the approved master plan will form the basis for all subsequent pre-development work.* This master plan should be the property of the organisation: ownership allows the organisation greater freedom moving forward in terms of the execution of the master plan.

At this stage, with the master plan approved, the organisation can decide if it wants to engage the architects in continuing pre-development work or conduct a second RFP for the remainder. This is the only natural break in the pre-development process, as making changes later will result in delays in the application process as the new firm gets up to speed and would likely require duplication of previously finished work. This may risk an impact on the financial feasibility of the project as pro forma numbers change as increased costs are incurred and the timeline of the application process is stretched.

Whatever the decision, the next step is to prepare materials for the development application process. While the master plan has established the general parameters for the potential development, work at this stage will determine architectural and structural details. Unit layout, material types, construction methodology, and requirements for both environmental and accessibility factors are made at this stage. Further financing must also be identified, including funding options from up to three levels of government, and the exploration of other potential sources such as community capital. This process may involve the hiring of various experts as required, such as environmental engineers, lawyers, and fundraisers.

Once the application is complete, it will be submitted to the Development Review department. As an affordable and/or supportive housing project, it will be automatically assigned to the priority review stream. A site-specific planning amendment and zoning by-law amendment may need to be approved and passed, and to achieve this your lawyers and architects will need to navigate through several administrative bodies, such as the Committee of Adjustment, the local Community Council, Planning and Housing Committee and finally City Council. During this process, you should conduct community outreach and engagement and may hire a community engagement consultant to assist you.

Once final approval has been obtained, and all needed funding approved, it will be time to engage a general contractor and subcontractors and begin construction. With the breaking of ground and the first tranche of funding provided, you will repay the City the Community Housing Pre-Development Fund loan, and the pre-development stage of your housing project will end.

2 Capacity Building

2.1 *Assessing your organisational capacity*

A housing development project is a complex enterprise. Many different skill sets are needed to go from concept to occupancy, and it may not be likely that the expertise and skills needed to support a housing development project is already present in the staff complement of a nonprofit housing developer. For a project to be viable, organizations must recognize when outside expertise is needed.

Dealing with the pre-development stage of a housing project prepares organisations for potential issues that might arise and can support the identification of a suite of consultants, firms, and other experts that will need to be retained. Most nonprofit housing organisations are unlikely to have architects on staff and so will need to hire an architectural firm.

However, there are other issues that must be resolved before the question of hiring an architect comes up, and this pertains to internal organisational capacity. As established, the first requirement for a housing development project is land – vacant or available for redevelopment. Organisations also must also be financially stable, both currently and looking ahead in the medium term. They must also identify the nature and scope of the expertise required within their organisations to take on such a development.

Checklists are available to support this assessment. The Infrastructure Institute at the University of Toronto, for example, has an [Organizational Readiness Checklist](#). Likewise, Canada Mortgage and Housing has a [Development Checklist for Affordable Housing](#).

2.2 *Building organisational capacity*

If your organization lacks the internal capacity to manage a housing development project, the next step is to determine how much time you have to build capacity.

If you do not have a hard timetable regarding housing development, but rather a general aspiration to do so when the time is right, consider gaining capacity through training existing staff by enrolling in a course that will teach the participants about the development process. These courses cover development processes, funding, legal requirements, project management, and hiring contractors for construction., This would also include how to

create pro forma, access funding, create Gant charts for your project, and legal due diligence.

While development projects will always require outside expertise, organizations should have at least one person with sufficient expertise in the entire housing development process to protect the interests of your organization. Having staff with this is ideal, even if it is an addition to their primary role, but training existing staff will take time. If your organisation’s development timeline is more urgent, an alternative is to hire someone who already has this expertise. For organisations with multiple development ambitions, training staff is a value-adding path to gaining internal capacity.

2.3 List of available capacity building courses

The following is a list of organisations in Ontario (and B.C.) that provide courses to build capacity in housing development:

Name of Organisation	Location	Online/In Person	Link
Infrastructure Institute	Toronto	In Person	Accelerator
cahdco	Ottawa	Both	Workshops
ONPhA	Toronto	Both	Courses
BCNPHA	Vancouver	Online	HousingU

2.4 Creating an internal project development team

For your planned housing development project, you will need to establish a Development Committee.

The membership should be representative of the organisation and include the Executive Director and the Finance Director. If you already have housing, both the Housing and the Property Management Directors should be included, as well as one or more tenant representatives. Likewise, it is important to have the Treasurer and other members of the Board of Directors on the committee, including any directors with related expertise. If your organisation decides to hire a development consultant, they would also be a member of the Development Committee.

Depending on the level of capacity within your organisation, and the decision made on the allocation of work between your staff and the retained architects, you may also create a

project development team within your organisation that would report to the Development Committee.

2.5 Option: hiring a development consultant

Depending on the existing capacity of your organisation to develop housing, your expectation of the number of housing projects you will develop in the mid-term, and how quickly you plan to begin such a project, you may want to hire a development consultant to assist you in both the hiring process and the subsequent stages of the pre-development process. The development consultant also can help inform the vision, concept plan, and business case for a successful project, even if done in part.

Unfortunately, there is no professional certification available for development consultants as there is for architects in Ontario. As such, if you decide to hire a development consultant to assist you, the best way to identify their level of expertise is to review their existing portfolio, particularly in relation to affordable and supportive housing projects, since these have their own issues compared to for profit housing developments.

If you choose to invite individuals to respond to a hiring offer, connecting with similarly situated organisations who may have hired such individuals in the past can support targeted outreach to a list of potential invitees. There are a few nonprofit organisations who can take on this role for your organisation, such as [New Commons Development](#).

3 Who to hire?

3.1 Pre-development begins with an architectural team

As set out above, the most important hire is of the architectural firm that will create the master plan for your housing development project. As is the case with hiring a development consultant, it is useful to reach out to other nonprofit organisations that have recently built housing developments to create a list of potential applicants who can be invited to respond to your RFP.

3.2 Architects' professional qualifications

To practice architecture in Ontario, the Ontario Association of Architects (OAA) requires architects to obtain a Certificate of Practice. To obtain such certification, an applicant, according to the OAA website: “must be an architect in good standing with the OAA, hold professional liability insurance, and comply with applicable regulations.” There are three categories of Certificates of Practice: Corporation; Partnership; and Sole Proprietor.

There is an option for an architect licensed or registered in a jurisdiction other than Ontario to provide architectural services on a specific project through the Temporary Licence/Limited COP23 certification. Such architects must collaborate with an Ontario holder of a Certificate of Practice.

To confirm that an individual, partnership or firm is in good standing, the public can check by accessing the [OAA Directory](#) or by contacting the officeoftheregistrar@oaa.on.ca.

4 Pre-Development RFP

4.1 Contents of a housing development RFP

Before hiring an architect, your organisation needs a vision of what will be built on the proposed site, including the type and range of target tenants. You should align this vision with your organisation’s plans for future operations and tie the proposed project into your overall strategic plan.

Because of the time needed to go from idea to occupancy, some organisations might choose to synchronise a housing project with the start of a strategic planning cycle. Doing so can ensure the development complements, supports, and follows the strategic plan, rather than dominating or reshaping it. Decisions regarding a new housing project, including scope and function typically involve fewer people and less consultation than the comprehensive process of creating a strategic plan.

Once this visioning exercise is complete, you will draft a request for proposals (an RFP) setting out a description of the organisation and its mission and values.

The RFP should outline the organisation’s vision for the project including building size, unit types, target demographics, affordability, and support services. The RFP should be clear on the distinction between absolute pre-requisites and optional or aspirational goals for the project.

It is particularly important that the RFP clearly sets out the scoring criteria and weighting that will be used in the initial review of the proposals received. This review will be the first opportunity to assess the ability of any potential hire to listen to feedback from your organisation, and to flexibly respond.

Here is a [Sample RFP for Master Plan Preparation](#).

4.2 Active and passive RFP distribution

To receive the widest possible audience for your RFP you should list it on several online sites, including [LinkedIn](#), [Indeed](#), and [Charity Village](#).

You can target specific firms to invite to respond by consulting peer organisations that have engaged in housing development projects in the past. You can also refer to the entries for development consultants or architects found in the online [TAEH Historical Pre-Development Vendor Database](#). This database comprises organisations or individuals who have been interviewed or hired for pre-development work in the nonprofit sector.

5 The Review and Selection Process

5.1 Initial review of submitted proposals – ranking proposals based on RFP criteria

Depending on the size of the Development Committee, all members or a subset should review the proposals received. The first round of the review and selection process is a Pass/Fail round. The proposals are reviewed independently by all the reviewers and assessed to confirm the inclusion of:

- The named team and signatory
- Unambiguous evidence of qualifications for at least three of the listed skills requirements, such as
 - Architecture and landscape design
 - Building condition/state of good repair assessment
 - Urban planning
 - Social service delivery
 - Business and economic modelling/cost-benefit analysis
- Clear budget with itemised fees [Note: The exact amount and value for money to be evaluated later]

- Workplan with dates and deliverables [Details to be evaluated later]
- References
- Requirements set out in the RFP are present with minimal deviation

Reviewers should identify for discussion any material exceptions, qualifications or ‘fine print’ in the proposal. If the proposal is given a failing grade at this stage, the reason(s) should be noted in writing by the reviewer(s). Once the reviewers have finished their assessment, they should meet to compare their results and arrive at consensus on those proposals that meet the minimum project criteria in the RFP.

5.2 Second stage review – ranking proposals based on project criteria

In the second stage, reviewers should first score proposals individually (0-10 for each rated requirement in the RFP) and then meet to discuss and determine a list of finalists. The rated requirements set out in the RFP could include:

- Understanding of the assignment – 25%
 - Demonstrated understanding of scope or goal statements
 - Knowledge of organisation’s context and needs
 - Evidence of research into relevant background to improve understanding (References organisation’s strategic plan etc.)
 - Knowledge of project’s socio-economic drivers (Anti-poverty etc.)
 - Commitment to multi-disciplinary approach
 - Understanding of need to be feasible within organisation’s means/funding sources
 - Overall clarity
 - The scope is appropriate and clear (Focused on specific property)
- Team qualifications and experience – 25%
 - Team history and experience
 - Evidence of multi-disciplinary skill sets
 - Evidence of depth, quality, and relevance of past work in similar projects (more marks if it is specific to proposed team members not just the firm)
 - Demonstrated capacity to perform consistent with proposed approach
 - Indication of availability, capacity to perform work in the required timeframe

- Proposed approach – 25%
 - Appropriate opportunities for engagement and interaction through process
 - Demands/expectations on organisation’s staff and volunteers are reasonable
 - Outcomes and products are clearly defined, relevant to assignment
 - Clear structure and accountabilities on project team

- Project delivery schedule – 20%
 - Clear, reasonable
 - Milestones map back to key elements of approach
 - Identifies timing, availability, and tasks for key personnel

A standard scale for determining the grade to be awarded would be:

RATING SCALE	
Point Value	Explanation
0	None. Not addressed or response of no value No response or an inability of the vendor to meet the criteria. <i>Note: criteria evaluated as “yes” or “no”, should receive max or zero points. (e.g., ...cannot submit a report in required format would receive zero points)</i>
1	Very weak. Significant deficiencies meeting requirements
2	Weak. Limited ability to meet requirements
3	Fair. Limited applicability
4	Below Average
5	Good. Some applicability
6	Above average.
7	Very Good. Substantial applicability
8	Superior. Adequately meets requirements. No compromises.
9	Excellent.
10	Outstanding. Total applicability <i>Note: criteria evaluated as “yes” or “no”, should receive max or zero points. (e.g., ...can submit a report in required format would receive max points)</i>

The remaining 5% can be allocated to presentations and interviews of those shortlisted as finalists.

Proposals with less than 70 can be rejected. Those that pass should be awarded a Yes/Maybe/No for moving to the interview stage. Reviewers should meet and compare assessments and reach a consensus on which proponents will be invited to provide a presentation and be interviewed.

Ideally 2 or 3 proponents should be invited, although up to 4 could be considered in close cases. If more potential interviewees are identified, a preliminary budget review should be made. One option for adjudicating is to divide the budget price by the average points for each proposal and then invite the 2 or 3 highest ranked proponents to the final stage. If needed, finalists may be asked to adjust their proposed budget before the presentation and interview.

5.3 Interviews of finalists and financial review of the winner

In the final stage, finalists present their proposal and are interviewed. The reviewers score each finalist 0 to 5 points, totaling up to 100 points. After discussing presentations and interviews, and the previous scores, the group can add up to an additional 10 points to the proponents' scores by consensus. This is value-added scoring based on what additional lasting and quantifiable value the proponents could provide above the requirements set out in the RFP.

After selecting a proponent, the organisation's finance department should review and finalize the budget, work plan, and contract. All proponents should be notified of the decision and offered feedback upon request.

6 Stages of Pre-Development

6.1 Conceptual Master Plan

As set out in the sample RPF, the architect will be expected to begin by researching the organisation, and the land and/or building(s). This includes reviewing lot plans, blueprints, property inspections records, and building condition audits. The firm should also review relevant documents such as existing financing documents, strategic plans, and annual reports, and may conduct interviews with board members, staff, and tenants/members.

After the initial review, the firm will meet with the Development Committee to gain an understanding of the organisation's expectations for the project, and present the following initial deliverables:

Initial report and briefing for Development Committee:

- Leading examples of similar renewal projects (local or international)
- Potential scope, functionality, and features of secondary plan/local site renewal plan (In conjunction with the Development Committee)
- Working draft design brief for renewal

Second report:

- Analysis of site planning, zoning, and potential engineering constraints
- Potential candidates for mixed or intensified uses and recommended focus

- Addressing potential challenges such as potentially conflicting uses, waste removal, meeting environmental and sustainability goals (proponents may identify additional challenges)

Final report:

- Concept drawings
- High level costing
- Preliminary business case and feasibility assessment
- Phasing and implementation options
- Recommended next steps

These deliverables typically produce the necessary files/drawings needed for the City of Toronto's Pre-Application Consultation (PAC) meeting, a preliminary review of the development proposal where the City provides feedback prior to the formal application submission. It is recommended that your organisation takes advantage of this meeting to streamline the application approval process.

6.2 Financing – CMHC Seed Fund/City CHPF

Once a high-level vision, concept plan, and business case are in place that show strong project feasibility, additional funding/financing for later stages in the pre-development stage can then be pursued.

Financing for pre-development work can be obtained from the City's Community Housing Pre-development Fund (CHPF), or through a CMHC Seed Grant, which is awarded annually on a first come basis. Applicants for the CHPF must apply for both, but receiving a Seed Grant is not a requirement for receiving a CHPF loan.

If your organisation lacks a fundraiser familiar with government affordable housing funding programs, you should hire expert support for this effort. Due to the time it takes to obtain approvals, you should apply for available funds as soon as the master plan and board approval are in place. Depending on your organisation's financials, operating revenues, mission, and target demographics, additional funding may be available through programs targeting specific needs, such as Green housing standards or unit accessibility.

6.3 Regulatory Approvals - Development Application – SSPA – ZBA – CoA – P&HC – Council

Once the conceptual master plan has been completed and the development project is approved by the Board of Directors to move forward, the firm will begin preparing the necessary documents to file a planning application. The type of development application required is project dependent. Your project may only require minor variances under the *Planning Act*. These will be decided by the Committee of Adjustment for the region of the city where your project is located. For projects with more significant changes to the regulatory framework, an Official Plan Amendment and/or a Zoning By-law Amendment may be required. A list of the application types and the required architectural drawings and information studies can be found on the City's webpage for [Development Guide, Forms & Fees](#).

All of Toronto is under site plan control, so your application must be submitted to the Development Review department. It is recommended that your organisation take advantage of pre-application consulting to streamline the application approval process. Affordable housing applications are automatically assigned to the priority stream: approval can take as little as three months or less. After approval, the process is completed, and the City will issue a Notice of Approval with Conditions (NOAC), listing all pre-clearance conditions you need to meet. The most important is the Site Plan Control Agreement, which must be registered on title. Once all conditions have been met, a final Statement of Approval will be issued.

Your organisation will likely need to attend a community consultation. After City departments review the application, possibly with amendments, the City will recommend adoption or rejection at a Community Council. The final decision will move to the Planning and Housing Committee and/or directly to City Council.

You will need to retain legal expertise to assist with submissions, consultations, and due diligence oversight. Certain documents must also be registered on title. If applicable, discuss with your current law firm to determine their expertise.

6.4 Land Acquisition

If the project is dependent on new site ownership, the land acquisition needs to be completed by the end of the pre-development stage. This will largely be carried out by the

legal team retained, and may involve negotiations, contract signing and closing, and financing.

6.5 Review of specialists to be hired during the pre-development process

Reviewing the list of documents needed for a development application shows the range of parties that need to be hired for various pre-development tasks. The architectural firm may hire a number of these, while others may be hired directly by your organisation. Not all contingencies are reflected in the list of documents provided by the City, but the vendors found in the [*TAEH Historical Pre-Development Vendor Database*](#) represent those most likely to be needed. The architectural firm should guide you in any hiring decisions.

7 End of Pre-Development, Start of Pre-Construction

7.1 Transition from pre-development to pre-construction

Once you receive the NOAC, project pre-development is nearly complete. You will resolve the remaining pre-clearance issues and negotiations and file the Site Plan Control Agreement. There is no clear boundary between pre-development and pre-construction, so you will begin searching for a general contractor to hire for construction and related tasks.

Pre-development is complete once you receive the Statement of Approval from the Director of Community Planning.